

TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission, under the authority vested in it by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Fair Political Practices Commission will consider the proposed regulation at a public hearing on or after **October 16, 2008**, at the offices of the Fair Political Practices Commission, 428 J Street, Sacramento, California, commencing at approximately 10:00 a.m. Written comments must be received at the Commission offices no later than **5:00 p.m. on October 14, 2008**.

BACKGROUND/OVERVIEW:

(1) Cost of Living Adjustment for Campaign Contribution Limits, Voluntary Expenditure Ceilings, and Officeholder Contribution Limits and Aggregate Contribution Limits: Adoption of Amendments to Regulation 18545. Proposition 34 created contribution limits and voluntary expenditure ceilings for state candidates (Government Code Sections 85301, 85302, 85303, and 85400).¹ Section 83124, added by Proposition 34, requires the Fair Political Practices Commission (“Commission”) to adjust the contribution limits and voluntary expenditure ceilings biennially to reflect changes in the California Consumer Price Index (“CPI”).

In August 2002, the Commission adopted Regulation 18544, which created the following formula for the cost of living adjustment of the contribution limits and voluntary expenditure ceilings.

Applicable Limit 2001	$\times \frac{224.7 \text{ (average 2008 CPI)**}}{174.8 \text{ (CPI from 2000)}}$	=	2009 limit***
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**Rounded to nearest \$100 for contribution limits; to nearest \$1,000 for voluntary expenditure ceilings.

***At the time of the filing of this notice the 2008 California CPI has not yet been released. The California Department of Finance (DOF) provides the annual California CPI for all urban consumers in California at the end of each year. As of June 2008 the average California CPI for all urban consumers was 224.7, however, this is subject to change and will be updated when the 2008 California CPI is finally released for 2008.

In 2006 Senate Bill 145 took effect as urgency legislation. SB 145 (Stats. 2006, Ch. 624, urgency) amended the “net debt” provision (Section 85316) of the Political Reform Act (the “Act”).² The net debt provision prohibits post-election fundraising for any purpose other than to pay net debt. SB 145 allows the establishment of a separate officeholder account for officeholder expenses. Additionally, SB 145 requires that:

- Contributors and elected state officers are subject to calendar year contribution limits.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

² Government Code Sections 81000 - 91014. Commission regulations appear at title 2, Sections 18109 - 18997, of the California Code of Regulations.

- Elected state officers are subject to aggregate contribution limits on a calendar year basis.
- The contribution limitations will be adjusted in January of every odd-numbered year to reflect any increase or decrease in the Consumer Price Index (rounded to the nearest \$100).

In 2006, the Commission amended Regulation 18544 to create the following formula for the cost of living adjustment of the contribution limits and aggregate limits applicable to officeholder accounts.

Applicable Limit 2007	\times	$\frac{224.7 \text{ (average 2008 CPI)**}}{210.5 \text{ (CPI from 2006)}}$	$=$	2009 limit***
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**Rounded to nearest \$100.

*** At the time of the filing of this notice the 2008 California CPI has not yet been released. The California Department of Finance (DOF) provides the annual California CPI for all urban consumers in California at the end of each year. As of June 2008 the average California CPI for all urban consumers was 224.7, however, this is subject to change and will be updated when the 2008 California CPI is finally released for 2008.

(2) Biennial Gift Limit Adjustment: Adoption of Amendments to Regulations 18703.4, 18730, 18940.2, 18942.1, and 18943. The gift limit is adjusted biennially by the Commission to reflect changes in the annual California Consumer Price Index (“CPI”). (Government Code Sections 87103(c) and 89503(f).) The California Department of Finance (“DOF”) provides the calendar year CPI for all urban consumers. The formula used to calculate the adjusted gift limit (found at Regulation 18940.2(d)(2)) is as follows:

\$250 (Limit in 1990)	\times	$\frac{224.7 \text{ (average 2008 CPI)**}}{135 \text{ (CPI from 1990)}}$	$=$	2009 limit***
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**Rounded to nearest \$10.

*** At the time of the filing of this notice the 2008 California CPI has not yet been released. The California Department of Finance (DOF) provides the annual California CPI for all urban consumers in California at the end of each year. As of June 2008 the average California CPI for all urban consumers was 224.7, however, this is subject to change and will be updated when the 2008 California CPI is finally released for 2008.

REGULATORY ACTION:

(1) Amend 2 Cal. Code Regs. § 18545. The proposed amendments to regulation 18545 reflect the adjusted contribution limits and voluntary expenditure ceilings for state candidates for the period of January 1, 2009, through December 31, 2010.

(2) Amend 2 Cal. Code Regs. §§ 18703.4, 18730, 18940.2, 18942.1 and 18943. The proposed amendments reflect the adjustment of the gift limit from \$390 to \$420 for the period of January 1, 2009, through December 31, 2010.

SCOPE: The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or related issues.

FISCAL IMPACT STATEMENT:

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

AUTHORITY: Government Code Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act.

REFERENCE: The purpose of these regulations is to implement, interpret, and make specific the following:

(1) Amend 2 Cal. Code Regs. § 18545. Government Code Sections 83124, 85301, 85302, 85303 and 85400.

(2) Amend 2 Cal. Code Regs. §§ 18703.4, 18730, 18940.2, 18942.1 and 18943. 82028, 87100, 87102.5, 87102.6, 87102.8, 87103, 87207, 87300-87302, 89501, 89502, 89503 and 89506

CONTACT: Any inquiries should be made to Sukhi Brar, Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, CA 95814; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at:

<http://www.fppc.ca.gov/index.html?id=351>.